Exhibit H Part 2 of 2

just we'd rather operate non-union and in the very next sentence, very next sentence --
THE COURT: Card check neutrality is not a requirement of law, correct?
MR. SALTZMAN: No.
THE COURT: It's a voluntarily assumed obligation.
MR. SALTZMAN: Correct.
THE COURT: So how do you get Interstate's relationship with Chelsea and Interstate's separate relationship with the union into a position where they now have card check neutrality, card check neutrality is being imposed on Chelsea?
MR. SALTZMAN: The simple answer is that Chelsea entered into a management agreement which made Interstate their agent without any express restriction on that point.
THE COURT: That was effective as of 2001.
MR. SALTZMAN: The management agreement with Interstate was effective, according to the document, as of February 2003, and at that point Interstate already had a 2001 obligation.
THE COURT: So Interstate's relationship burdened Chelsea as of February of 2003, you say, February 2004?
MR. SALTZMAN: I wouldn't say burdened.
THE COURT: Well, burdened, they were covered.
MR. SALTZMAN: They were bound by that when they went

to Interstate and said, we really want you to be our managing agent, we need you, as they said, to enter the big time, top tier, the blue chips. The blue chips are organized. They have good wages and benefits for their employees.
THE COURT: Then how do you explain for the next several years after that, February 2003, that is when they signed the contract, the hotel is not operating then, it doesn't begin to operate until December 2003, and then nothing happens for several years?
MR. SALTZMAN: Not exactly nothing.
THE COURT: What happens in the intervening time -- let me phrase it more openly then -- what happens in the intervening time after the hotel opens up until the time of the arbitration?
MR. SALTZMAN: Surely. What happens is that after the memorandum of agreement is signed, which is another document signed by Interstate providing for card check neutrality besides the 2001 agreement, they say the union sends a letter to Interstate saying, we now want to organize the Chelsea Grand Hotel. That is in like February 2004. We have produced a copy of an unsigned letter during discovery from Mr. Ward to Interstate, which is the first step in the organizing process, let the hotel know we are interested in organizing, we are going to be sending people over. Mr. Ward, I don't know if he said in his deposition or not, but whether or not that letter

was actually signed and sent, we don't have a signed version. The union clearly put Interstate on notice by other means, informally, I think he did testify actually on his deposition saying that I would call up Interstate and say here is what are going to do, send them a letter, give them a heads-up.
MR. HAMILTON: Your Honor, I object. None of this is in the record that I am aware of.
THE COURT: All right.
MR. HAMILTON: If it is, I will stand corrected, but I don't recall it.
MR. SALTZMAN: I think if you look at Mr. Ward's affidavit, you will see the reference to the fact that after the memorandum of agreement was signed in January 2004, the union contacted Interstate, said he was going to be organizing Chelsea Grand, and Interstate said, you know, can you hold off? We want to explain the situation to Chelsea. Now Chelsea says they didn't hear a word about it after that. We don't know and he can't say. We tend to think that Interstate might have sent something about it in next few years --
THE COURT: Interstate hasn't been deposed at all?
MR. SALTZMAN: Not yet.
THE COURT: When are they scheduled to be deposed?
MR. SALTZMAN: The next round of depositions, we don't have a date set.
So at that point, the union said well, we have a

neutrality card check agreement with this hotel, and we will stand down and give you a chance to explain to them the situation, and there is the reliance, the segue right into that topic. There is the reliance and the benefit conferred to Chelsea because during that period of time, while the union thought it had a party bound by the neutrality card check, and it gives slack and room and that actually go in and organize at the beginning of the hotel when the workers not yet indoctrinated with the economic ability, the hotel has not yet been built up to withstand pressure, the union stands down and says, we will give Interstate time to talk to those folks.
In that time, they benefit, the hotel benefits from substandard industry wages, substandard wages, practically no health benefits, together with retirement, those things are all used to the benefit of the hotel. The union gives up its strategic position, union gives up the dues, and those aspects of change or of reliance by the union are very similar to the ones that are cited by the court in the Property Advisory Group case.
THE COURT: Did Mr. Ward or any of his officers or agents, organizing people, have any contact at all with the Chelsea Grand?
MR. SALTZMAN: Directly probably not during the intervening period. I think the first one they had some meetings in 2007, but the reason I smile was that it was in Mr.

Lam's deposition, which we did not bring to the court's attention, particular provisions, but Mr. Lam recalled meeting Mr. Ward a few years before in late '97 and said that -- he testified that they met to discuss a labor agreement at that point, and that they couldn't reach agreement because Mr. Lam said, well, I will reach an agreement with you on running this hotel I want to buy, but I don't know how who run a restaurant, and there is this restaurant there so I want to contract out the restaurant, would you let me do that, and Mr. Ward said, no, I won't, and that ended the conversation.

THE COURT: That was in '97?

MR. SALTZMAN: Yes. So to the extent we know anything about this owner, we knew who the owner was, we would have known he was willing to enter an agreement and contract out. But the Interstate -- it's logical to assume Interstate did nothing in all those years. They said nothing and did nothing and didn't bring the agreement to the attention of Chelsea.

What's more, as a matter of law, an empty head and impure heart is not a defense to not knowing. They would -- I think the record is clear before you that Interstate told them, we have a contract with the union, we have relations with the union, and Chelsea did nothing in its due diligence to find out what they were. Instead, what they did was put Interstate in the position of being an agent, of being a manager, in an industry where managers bind the owners. By common sense

managers manage the hotels. What are they doing if they come in and say I am the manager?

THE COURT: What do you say about Chelsea's affiliate, Star?

MR. SALTZMAN: What about them?

THE COURT: The suggestion that Star took over the management of the employees or the employee relationship, and that Interstate was relegated to the role of just being a management consultant.

MR. SALTZMAN: We haven't heard from Interstate entirely, we haven't heard from Interstate in one respect. At the arbitration, they stipulated to the fact that they do direct and supervise employees and effectively recommend discipline. That is in the arbitration award, one of the exhibits to Mr. Maroko's affidavit. It's also in the deposition testimony of Mr. Luk where he indicated that the Interstate people will tell our workers, you are doing that wrong, you got to do this differently, and they certainly had better listen to Interstate because if I hear about it, they are going to get written up. They have hundreds of these writeups, and yes, they will get discharged. That was his deposition testimony, and it's not just on the stray issue, not like they will pick up the paper, this is -- what is Interstate on, by everybody's admission, what is Interstate management of, undisputed management of? The crown jewels, the Starwood flag.

That is the most important thing to Chelsea, that is why they hired Interstate, they wanted the Starwood flag, and the people who are managing the employees, the employees' reliance with the requirements of the Starwood flag, is undisputedly Interstate and certainly comports with their ability to be, manager, joint employer, and agent for this property.

THE COURT: You rely on 3.2 of the management agreement and 4.1 and 4.2. Those are cited in your brief.

MR. SALTZMAN: Yes.

THE COURT: Which specify what Interstate's management role was.

MR. SALTZMAN: Correct.

THE COURT: Regardless of what Star purported to do.

MR. SALTZMAN: Well, what we have at this point, we have those documents, those signed documents which have never been varied, never amended, never changed to comport with what they claim is reality. That I think has some weight. The question raised by Star, we don't know what Interstate would say here, but we do know that they certainly had some management ability. The question about Star is why, why this whole contraption, this Rube Goldberg arrangement to create a third-party manager which really isn't the third party at all by their own admission, to do something that they are paying 2 percent of revenue to Interstate to do under their contract? I don't know the answer to that question. I really do want to

find out --

THE COURT: How about to underscore the point that they wanted to run a non-union shop, and they were concerned that by just letting Interstate manage and supervise employment and dismissing outside staff, as it says here in 3.2, that they might expose themselves to Interstate's contracts with the hotel workers.

MR. SALTZMAN: They certainly did that before when they signed the management agreement with Interstate back in February 2003, they didn't move anything over to Star, but even --

THE COURT: Your point here, Mr. Saltzman, is, having signed this contract some time in 2003, and then subsequently entered into a contract with Star, they never bothered to changing the Interstate contract?

MR. SALTZMAN: They never bothered changing the Interstate contract.

THE COURT: So the language you cite to me on page 4 of your brief is the language that still obtains as between Chelsea and Interstate?

MR. SALTZMAN: As far as we could tell in the documents, yes, as far as we could tell, and there is this question of right of control, and it's a standard phrase in labor management and in individual employment contracts, the employer is the one with the right of control. Doesn't mean

that they necessarily exercise that control. They have the right of control, and they are the employer, they have that management duty.

It may be that Interstate said, well, we like getting our 2 percent in order to make sure this they can keep the Starwood flag, and we will -- you can let Star Perfect do whatever you want, we are happy with that, but we are going to maintain control over the employees for compliance. That may or may not be, but the contract that is binding between the parties now says that they, Interstate continues to have the right of control to do -- to act as a manager and as an agent for all matters that one would expect a property to do.

I am just going to move a little bit over to some of the -- if it's OK with the court -- having dealt with your question -- in terms of some of these agreements that they put up, there are two properties which we turned over documents to Chelsea which indicated that Interstate signed on behalf of itself at this hotel specifically limited to the hotel. Those agreements, those two properties, the Muse and the other Courtyard, those two agreements originated prior to 2001, prior to the applicable language. Look at the original exhibits in the first agreement, that is when it started, before 2001, and to the extent it carried over if at all, it carried over because they were grandfathered. That is the way it is.

What it does show, however, is even before the 2001

agreement, it corroborates the industry practice, because why do you have to say we are only signing for this hotel unless the assumption would be that we are signing for everybody? Which is exactly What happened in the memorandum of agreement. Mr. Ward didn't have to ask any more. Interstate comes in, they have a portfolio of hotels they manage, they have a couple that were carved out by as grandfathered in '98 or 2000.

MR. HAMILTON: Mr. Saltzman is testifying. There is no record that says What he is now saying. Again, I know you give both of us a lot of latitude, but I would just like to be sure we are kind of limited to the record before your Honor.

THE COURT: It seems familiar to me, Mr. Hamilton, based on my reading of his brief, and I read your reply, and it doesn't make that argument that you just raised now, but the facts are what the facts are, and I don't consider this a factual hearing. I consider this argument.

MR. SALTZMAN: The factual basis for my statements are in Mr. Ward's affidavit which lists several hotels, all the hotels that are bound in 2001 and 2006, includes the Roosevelt and the Park Central, both of which -- and in his affidavit he says they were bound by -- Interstate managed other hotels in the families in the 2001 agreement.

This is no more subject to challenge in any other affidavit evidence that we have before us. So when Mr. Ward meets with Interstate or his designee meets with Interstate to

negotiate the MOA in 2004 and Interstate says we have a portfolio, they are a well known player in the industry, they are a manager of a number of different hotels. Unless he's told otherwise, he assumes they meant they are binding the principal at each of these hotels, which is what the 2001 agreement --

THE COURT: I don't want to anticipate What Mr. Hamilton is going to say, but how could they believe that when the Chelsea Grand organization said, as part of the negotiation with the Interstate folks, listen, we want to make one thing very clear, we don't want to have the union in here; and Interstate says OK, I understand. I am going to be -- they didn't say at the time, we have got to tell you something, we have already signed the industry-wide agreement, and if we are your manager, you are going to be hooked with the union.

MR. SALTZMAN: I am not sure that is entirely correct. I think they say, Mr. Luk's deposition testimony, that we have agreements with this union, and if they had done their due diligence, they would have known what those agreements were.

THE COURT: They are contracting parties, you know, and due-diligence, don't you think Interstate had an obligation to say, listen, you signed us up with this kind of management contract, this is What we are going to insist on, you have to understand that you are going to be roped into dealing with the union.

MR. SALTZMAN: I am not sure that's right, because from Interstate's perspective, as from the union's perspective that is a given. Everybody -- anybody who is an operator, anybody who enters this industry --

THE COURT: That is my point. You say it's a given. Don't you think -- you say it's so obvious that they didn't have to disclose it?

MR. SALTZMAN: Correct, that's right, that when you enter this industry and you find out about what's going on, you know what the industry practice is. That is exactly What the court said in Property Advisory, that an owner in California, not New York, they couldn't go around the corner to the union's office and say can I have the 2001 agreement? If Interstate -- What agreements did you sign, by the way, can we see them, instead of turning it loose, turning their agent loose into the industry to act in accordance with normal practices. In that case, that California company said, I don't know what's going on in New York, you can't bind me to the practice in New York. The court said, we certainly can.

THE COURT: You want take two more minutes, Mr. Saltzman?

MR. SALTZMAN: I will try to limit myself to a number of -- just a few comments here.

In terms of this cloud that the union is putting over their activities by virtue of demands for arbitration, the

demand for arbitration in the exhibits, we are not asking for anything draconian in that demand, and whether the arbitrator will grant even What we ask for, which is come up to industry standards for a brief time or implement the wages that you have been promising all along and been withholding, or just stop firing people who support the union or trying intimidate, threaten, and write them up, we don't know what the arbitrator will do. He may agree with us, he may not agree with us.

THE COURT: I think I asked this question last time: Why is this not -- if the conduct is as you suggest, why is this not a violation of the National Labor Relations Act?

MR. SALTZMAN: To some degree it is, and what happens in this case is, and it's cited in our brief in terms of discussion of the J.P. Morgan case and Verizon case, when there is a card check neutrality agreement in effect, then essentially the board stays away. The board says, whatever your agreement provides for, go take care of it, and we give up good consideration for that. We don't strike. We can strike but we don't strike, and we haven't. We have not interfered in the normal way that unions can with their operation. So under the J.P. Morgan line and the Verizon line of cases that are cited, the board says, you got an agreement, go follow it, whatever it says there, and this agreement says that in terms of both the organizing process and on the unfair labor practices, any failure to abide by that agreement would

certainly be intimidating, firing union supporters is inimical to the neutrality agreement. That goes to the arbitrator. So we are in that posture, and liking that posture.

The court had raised the question, why didn't Chelsea move to stay, and I think Mr. Hamilton may have misspoken. It's the first arbitration and notice was provided to Interstate and not in Chelsea individually, because if Interstate is their manager, their agent, and their joint employer, that we presume Interstate gave them some heads-up on what's happening, but we don't know.

the Second notice of arbitration that was sent, and it's an exhibit to Mr. Maroko's affidavit, clearly indicates that notice was sent to Mr. Hung Luk at the hotel's address. They also had a former address, 54 Canal Street, which was the address that was on their management agreement, but it was certainly sent to the hotel addressed to Mr. Luk.

So they knew that the union was arbitrating back in February. They also knew that there was going to be a card count. They provided the office of the impartial chairman with the forms that they had previously refused to provide under cover letter from Interstate on Chelsea Hotel stationery. The stationery is an exhibit to Mr. Maroko's affidavit, it is exactly the same stationery that Mr. Luk uses in one exhibit thereafter. It's at the very end of Mr. Maroko's affidavit.

THE COURT: 13 and 14 of Mr. Maroko's affidavit. Where

is the letter?

MR. SALTZMAN: Mr. Maroko's affidavit, Exhibit 9, is the cover letter from Jeffrey Trumpler, assistant general manager of the Four Points By Sheraton, and it's on stationery Four Points By Sheraton Manhattan Chelsea, addressed to the impartial chairman. It says here is the W-4s, but the card count and it's dated February 22, 2007. It's Exhibit 9.

THE COURT: When you print these out the ECF, it doesn't come out the same.

MR. SALTZMAN: Yes, and I am a fan the old method.

THE COURT: Yes.

MR. SALTZMAN: If you look a little bit further back, you see after Exhibit 9, Exhibit 11 is a letter from Mr. Luk to Mr. Ward written on exactly the same stationery.

THE COURT: Yes.

MR. SALTZMAN: You would think that if Interstate is running amok at this point, they are doing something about it, but they don't. They allow Interstate to provide W-4s which Interstate said at the hearings several times, we are providing these because we got them from Chelsea, Chelsea let us have them. And even before that, they provided access to a hotel property. We can't just walk in and start talking to employees all the time, and we were allowed that access. They gave us a list of the names and identifying data for the employees so we knew who to talk to. They gave us that. Interstate said at

hearings with the arbitrator, we got this from Chelsea, Chelsea is allowing us to go forward, and so it's disingenuous to say, well, we didn't know What was going on and we would have moved if only we knew.

The card count was March 6, I believe. They had plenty of time -- or March 16 -- I may have mistaken the date tell you in a moment -- March 6. So they had plenty of time from the time that they started receiving notices, that they started getting arbitration awards at the end of January or early February and mid-February, and then after they handed over the W-4s, if they had a change of heart they could have run in and said, oh, my gosh, we made a mistake, we never have done this, we want to enjoin the card count.

But now, as your Honor put it, the deed is done. The employees have signified What they want, who they want to be represented by. All we are asking is to be allowed to represent these workers in discussions with Interstate -- with Chelsea, that is all, and have a voice for those workers where we feel that they are acting improperly in the arbitration.

THE COURT: Your point, Mr. Saltzman, with respect to this request for an injunction is it's premature, there is no irreparable harm here, arbitration doesn't hurt anything?

MR. SALTZMAN: No.

THE COURT: And there is no likelihood of imminent damage at this particular stage?

MR. SALTZMAN: None.
THE COURT: As to Mr. Hamilton's point about he never authorized Interstate to engage in this conduct on behalf of Chelsea, you are saying, well, the facts just aren't in on this, we don't have all the facts. That may be a fair determination, but we don't have the basis for making any such determination right now.
MR. SALTZMAN: That is certainly the minimal argument. The argument the union is making in addition to that is that the facts that we do have clearly indicate that they authorized Interstate.
THE COURT: Nobody can say that until you depose Interstate, I suppose.
MR. SALTZMAN: I suppose Interstate can come in and say we reached our agreement, we really betrayed our trust.
THE COURT: You certainly want to hear from them.
MR. SALTZMAN: That would be the ultimate question in the case, and that is why a preliminary injunction would certainly be premature.
THE COURT: All right. Mr. Hamilton, I will give you the last word here.
(Pause)
THE COURT: All right, Mr. Hamilton.
MR. HAMILTON: Thank you, your Honor. I would like to start backwards. I will take the union's point, no imminent

danger. Here is what the union went to the IC with on July 12, 2007: What shall be the remedy against the joint employer jointly and severally for any violations that are found including without limited to back pay, injunctive relief, actual damages, punitive damages, fees and costs, statutory remedies, and the dollar amounts thereof. That is the suggested remedy.
THE COURT: Even if they got that remedy, you wouldn't have to pay it, you could refuse to pay it, you could refuse to be bound by it, and you would have an opportunity to go to court and say, this is a manifest injustice because we are he were never signatories to the contract.
MR. HAMILTON: But, your Honor, if we do that, if we had to do that, if we had to do that, your Honor, the die is already cast. The $35,000 a day, that is the history here, that is the history. We are dead meat. How fast can come into --
THE COURT: $35,000 is running right now, as I understand it.
MR. HAMILTON: No, it isn't.
MR. SALTZMAN: No.
MR. HAMILTON: We complied. Six days after the card count order was made, we complied. After the penalty was imposed, my client complied. By the way, that is another point. I don't know what Mr. Saltzman calls waiver. The

waiver is a voluntary relinquishment of a known right. The word is "voluntary". If I got a $35,000 a day gun to my head, takes all of my revenues, I am not acting voluntarily when I permit the union to have access to my property under an order of an IC that says, if you don't give them access, it will be $35,000 a day. So that is not a waiver, it's not evidence that we have accepted any of the IC's or the union's requirements except we don't want to be hit for another $35,000 a day.
The point I want to make, another point I want to make here, Mr. Saltzman said, your Honor, we don't know whether we are going to ask for these penalties, we don't know --
THE COURT: I think he said we don't know whether we are going to get them.
MR. HAMILTON: What is important here is -- I am going to take something out of Mr. Maroko's affidavit to this court. It's paragraph 26, and your Honor, I would like to compare What he says under oath with what the union asks for. His affidavit is around the same time. I will read it, paragraph 26:
"The union demand does not request the sort of punitive damages awarded in the February 16 award because the union believes the relief request will be adequate. The union regards the February 16 award of punitive damages as appropriately made in the extraordinary circumstances, situations that day blatantly failed the promises made to the union and IC Drogan just days earlier, in a cynical attempt to

withhold basic employee documents in order to prevent confirmation of employee choice. Such a remedy is not appropriate for every violation of 10(b)(4), the idea being has not been rendered in any other organizing context as now requested by the union.'
This remedy is precisely in the words what the union requested before when --
THE COURT: Why wouldn't you tell the arbitrator this? This is off the table now in light of the representation that Mr. Maroko made in a sworn affidavit submitted to a district court judge. What impact that has on the impartial chairman.
MR. HAMILTON: This is of no concern to the general counsel, and the union under oath said this and asked for that, and now we have to take --
THE COURT: It's probably -- really, it's just boilerplate. I would take this to the arbitrator and say, you know, punitive damages is off the table.
MR. SALTZMAN: Just to protect the record, the exhibit that Mr. Maroko is referring to, the demand for arbitration dated July 12 for the hearing that is now scheduled to September 25.
THE COURT: That precedes Mr. Maroko's affidavit by a month.
MR. SALTZMAN: He was referring to the relief that we are asking for there, which does say punitive damages, but it's

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very specific as to the kind of relief that we are asking, and the punitive damage reference there in the demand for arbitration is, you know, unilaterally --

THE COURT: He says it's more limited, and beside his affidavit is subsequent to this, so my reaction would be, take it up with the arbitrator.

MR. HAMILTON: Your Honor, one other thing that I thought was important: Your Honor commented on how can we be bound to an agreement, the MOA, which was executed after the management agreement was signed, and executed 11 months after but made retroactive to a time period two and a half years before the management agreement was signed.

THE COURT: Mr. Saltzman also says that Interstate was a signatory to the 2001 industry-wide agreement.

MR. HAMILTON: But here is the --

THE COURT: I asked him this question, and really, you know, the die was cast as of the time in February of 2003 when your client, Chelsea, gave Interstate the opportunity to manage the hotel on your behalf, and the union contract, the industry-wide agreement, says there anybody who has management responsibility, has a right to hire and fire, is bound to the agreement.

MR. HAMILTON: But, your Honor, there is no reliance on that. Look at what Mr. Ward said. This is his testimony. Reliance is an element of apparent authority, has to be there.

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That is a required legal element. Here is the question that says:

Q. Do you find that most management companies such as Interstate have some limit to their authority to run or operate the hotel?

"A. I am sure there are limits to everyone's authority.

"Q You didn't know any of the specifics of what they, Interstate, did?

"A No I don't know the exact specific details of the management responsibilities."

How is it there could be reasonable reliance on an agreement he never saw, the management agreement? How could there be? And he never -- he knew there were limits on their authority, and he never asked what they were. How could that be, your Honor? You see, that is the threshold that we are dealing with here.

THE COURT: I suppose if we had a hearing here, Mr. Ward would tell me that his understanding was that Interstate was a signatory to the industry-wide agreement, and as a signatory to the industry-wide agreement that he believes reasonably that it bound the hotels in which it had the management contract. It didn't have to go much beyond that.

MR. HAMILTON: I don't believe the industry-wide agreement itself bind the hotels that are managed. I believe, as I pointed out to you earlier, that requires the signature of

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the hotel.

THE COURT: Mr. Saltzman disagrees with you. I am sitting here, and that is a fact that has to be decided, but you have to give me clear and convincing evidence that you are going to be irreparably harmed, and the record here is really not very firm, I don't want to call it inchoate, but it's not clear and convincing, I can tell you that.

MR. HAMILTON: Your Honor, my understanding is preponderance, not clear and convincing on irreparable harm. That would be a different -- I am not quibbling, I am just saying my understanding.

I want to make a point on this retroactivity. The case of Thomas CSF v. American Arbitration Association, Second Circuit 1995, here is what they say about attempting to infuse into, if you will, a party a situation just like this. They say because a working agreement was entered into well before Thompson purchased Reinfusion, Thompson could not possibly be bound under an agency theory.

Again, that is what we are dealing with here. We can't be bound under an agency theory when in fact the person who says he relied on apparent authority did not know, did not find out, did not inquire about, did not understand, what the limits or what the obligations of Interstate were.

THE COURT: But if I grant the injunction you are seeking here, what does that do to the arbitration?

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MR. HAMILTON: Here is the thing, your Honor: If you grant the injunction we are seeking, what it does is it keeps us in the present status quo. What it doesn't permit the union to do is go, run in one more time, in whatever way they go in, and ask for this or any part of this.

THE COURT: It would stop the arbitration.

MR. HAMILTON: It would stop the arbitrator from making another decision tht stems from an agreement which we didn't sign. It would stop that arbitrator --

THE COURT: Don't you have the cart before the horse here? Isn't your remedy to let the arbitrator do what he does and then challenge the result? As a matter of fact, that is what you are doing, and that actually removes from state court to federal court, and then we got the burden of this excursion about giving you some relief from the -- in our first conference of June 27 and then the request for an injunction that I suggested you make.

It seems to me now, Mr. Hamilton, with all due respect, that this whole matter is premature in that I don't have enough of a record here to support your point. You don't have enough of a record here to support your point either. You haven't even deposed or taken any real discovery of Interstate, so what you are asking for is the ultimate relief that you may very well be entitled to, I have a very open mind on that, because the issue that you raise is a significant one, but I

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don't see how it's -- I think the standard as clear and convincing, but if it's not clear and convincing it's preponderance of the evidence. I don't think the preponderance of evidence works in your favor in this particular instance.

MR. HAMILTON: May I ask this, your Honor.

THE COURT: Yes.

MR. HAMILTON: As to the going back to the arbitrator, what do we do about being able to speak our mind to the employees, long-time employees of the hotel? What do we do in face of an arbitrator who has found we acted in bad faith, an arbitrator who has determined that the neutrality provisions of the agreement require us to remain muzzled, an arbitrator who has enforced, set and enforced a penalty that may not be reviewable by a court.

THE COURT: I am sorry, Mr. Hamilton, but I don't give advisory opinions, and you are a skilled advocate and well experienced, so I think you can answer your own question. Your position is that you are not bound by this contract.

MR. HAMILTON: That is true.

THE COURT: So if you are not bound by the contract, then I suppose you can figure out what you are free to do. I can't sit here now and say it's OK to do whatever you want, and please don't say that I said that.

MR. HAMILTON: I wouldn't say that, your Honor. You haven't determined the merits of this cause yet, but the

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injunction is to enable us to be on an even playing field, your Honor. It's to enable us to operate our business.

THE COURT: You have an issue before the arbitrator though. You say you are not signatory to the contract. I mean, you can figure it out from there.

MR. HAMILTON: Do we go to the arbitrator and say we know we are here now. Is the union going to say, you just admitted the arbitrator's jurisdiction?

THE COURT: I don't know. I can't advise you on that.

MR. HAMILTON: They will say that. You have heard the arguments with a force of the gun, $35,000 gun to our head. You have heard that they claim that we waived our right to assert that the union shouldn't be in there so --

THE COURT: I understand all of that, and I really think that your initial action in State Supreme Court which was removed to Federal court, and then Mr. Brody conceded there was federal jurisdiction is still the way to go, but not by the route of -- having thought about now and read your papers and considered your arguments, I don't think that there is a showing here, an adequate showing of irreparable harm, certainly not from the arbitration. Any damages that you might experience are strictly speculative, and the loss of the flag from the Sheraton Four Points is not imminent. I suggest you finish up your discovery and then bring on by motion -- I will make time on my calendar -- to set aside the arbitrator's

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decision on a full record here so I can know whether or not the arbitrator was or was not correct, whether or not you were bound by the contract, because of your agent, Interstate, and we will make that determination on a full record, but at this particular stage, Mr. Hamilton, I am afraid I am going to have to deny your injunction for the reasons I have given.

MR. HAMILTON: Is your Honor suggesting we could have a earlier trial?

THE COURT: Yes, you work that out with Mr. Saltzman. I will give you an early trial date.

MR. HAMILTON: As soon as we take the Interstate discovery and your Honor is available?

THE COURT: I have an open trial calendar.

MR. HAMILTON: That sounds good.

THE COURT: Those are your choices, Mr. Hamilton.

MR. HAMILTON: I think we will then be proceeding to a early trial.

THE COURT: All right, fine. It Suits me. I am sure it suits Mr. Saltzman. Am I speaking for you, Mr. Saltzman?

MR. SALTZMAN: Mr. Brody and I have discussed continuing discovery. We are facing beyond the discovery period. We were hoping to put together a joint submission of dates. I think we worked out the dates primarily, but we didn't have a chance to get it done given the flurry of --

THE COURT: There is a series of letters here about

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discovery disputes. Do you want to take those up now, or do you want to meet and confer, and then we will have another session shortly about discovery matters?

MR. SALTZMAN: On a different day or today?

THE COURT: We can do it now. It's the end of a long day. You can meet and confer and see what your real disputes are in light of an imminent trial.

MR. SALTZMAN: We have met and conferred, but I think that given this current motion and the court's decision on the motion, I for one would welcome the opportunity to speak to Mr. Brody about it, and if we have to trouble you with discovery, I think we will in fact have to come back.

MR. BRODY: Your Honor,if I may --

THE COURT: Yes.

MR. BRODY: We discussed this --

THE COURT: Excuse me, Mr. Brody. We won't bother with a pre-motion conference. Just submit your letters about what your disputes are, and we will rule on them right away. We don't go through a two-step process.

MR. BRODY: Are you suggesting the letters we submitted, you would like us to resubmit them? I am not sure I follow you.

THE COURT: I think you ought to meet and confer. If those are still the disputes that you have, let me know that. If you can make modifications, then submit new letters, but the

letters will be letter briefs, and normally I require a pre-motion conference. I won't do that here. We will go right into the discovery disputes.

MR. SALTZMAN: From the union's position, the letter that we just submitted to the court regarding discovery disputes is subject to, it requests the opportunity for a conference.

THE COURT: You may want to at that point, Mr. Brody.

MR. BRODY: Yes, your Honor.

MR. SALTZMAN: Thank you, your Honor.

THE COURT: Thank you very much.

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